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Approved For Release 2004/03/26 : CIA-RDP78B05171A000200020060-0

NPIC/TSG/RED-237-70  
29 September 1970

MEMORANDUM FOR: Chief, Contracting & Procurement Branch, SS  
THROUGH : Chief, Support Staff, NPIC  
SUBJECT : Termination of Contract [REDACTED]

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1. The NPIC Chip Committee has completed its evaluation of the Phase 1 report submitted by [REDACTED] the Chip Implementation Study Program.

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2. It is the recommendation of the Chip Committee (and RED) that NPIC not proceed with Phase 2 and that the contract be terminated. This is not to be interpreted as non performance on the part of the contractor. Actually, the contractor has done a very good job and has provided enough information in Phase 1 so that a Chip System could be implemented in-house if NPIC so desired.

3. The following are some of the more pertinent reasons for not going forward with Phase 2.

a. IEG feels they cannot effectively function without four or five full copies of roll film, and chips will have little impact if roll film is provided in these quantities.

b. PSG feels that it is beyond their capabilities or growth potential to produce chips in quantity in the time frame required by IEG.

c. The processing site is willing to provide NPIC with 5 full roll copies of Priority 1 areas, 3 full roll copies of Priority 2 areas, and 2 full roll copies of Priority 3 areas.

d. Phase 1 report provides more than adequate information to implement a chip system in-house.

e. Nothing will be gained by proceeding with Phase 2 if the basic concept of a chip system is objectionable to NPIC.

Declass Review by  
NIMA/DOD

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SUBJECT: Termination of Contract [REDACTED]

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4. With this information as a basis, it is requested that you take appropriate action to insure that the contractor does not proceed with Phase 2 and that the contract be terminated at the earliest practical date.

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[REDACTED]  
Chief, Research & Engineering Division, TSG

Distribution:

Original - Addressee  
1 - Contract file  
1 - RED chrono

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